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**INDEPENDENT AUDITORS' REPORT**

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**DONALDSONVILLE AREA ASSOCIATION FOR RETARDED CITIZENS**

**(A NOT FOR PROFIT ORGANIZATION)**

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**FINANCIAL STATEMENTS**

**JUNE 30, 1998 AND 1997**

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the audited, or reviewed, entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date SEP 30 1998

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**Postlethwaite & Netterville**

(A Professional Accounting Corporation)  
CERTIFIED PUBLIC ACCOUNTANTS

BATON ROUGE • DONALDSONVILLE • GONZALES • NEW ORLEANS • ST. FRANCISVILLE  
LOUISIANA

**INDEPENDENT AUDITORS' REPORT**

**DONALDSONVILLE AREA ASSOCIATION FOR RETARDED CITIZENS, INC.**

**(A NOT FOR PROFIT ORGANIZATION)**

**FINANCIAL STATEMENTS**

**JUNE 30, 1998 AND 1997**



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# Postlethwaite & Netterville

*A Professional Accounting Corporation*  
CERTIFIED PUBLIC ACCOUNTANTS

108 MEMORIAL DRIVE • POST OFFICE BOX 1190 • DONALDSONVILLE, LOUISIANA 70346 • TELEPHONE (504) 473-4179 • FAX (504) 473-7204

## INDEPENDENT AUDITORS' REPORT

Board of Directors

**DONALDSONVILLE AREA ASSOCIATION FOR RETARDED CITIZENS, INC.**

Donaldsonville, Louisiana

We have audited the accompanying statements of financial position of **DONALDSONVILLE AREA ASSOCIATION FOR RETARDED CITIZENS, INC.**, (a not for profit organization), as of June 30, 1998 and 1997 and the related statements of activities, and cash flows for the years then ended. These financial statements are the responsibility of the Association's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audits in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of **DONALDSONVILLE AREA ASSOCIATION FOR RETARDED CITIZENS, INC.** as of June 30, 1998 and 1997, and the changes in its net assets and its cash flows for the years then ended in conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 10, 1998 on our consideration of **DONALDSONVILLE AREA ASSOCIATION FOR RETARDED CITIZENS, INC.** internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The Schedules of Expenses on page 8 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*Postlethwaite & Netterville*

Donaldsonville, Louisiana  
September 10, 1998

**DONALDSONVILLE AREA ASSOCIATION FOR RETARDED CITIZENS, INC.**  
**(A NOT FOR PROFIT ORGANIZATION)**

**Donaldsonville, Louisiana**

**STATEMENTS OF FINANCIAL POSITION**

**JUNE 30, 1998 AND 1997**

	<u>1998</u>	<u>1997</u>
<b><u>ASSETS</u></b>		
Cash	\$ 188,419	\$ 194,461
Certificates of deposit	102,949	100,976
Accounts receivable	51,449	93,387
Prepaid expenses	2,230	2,281
Buildings and equipment, net	226,699	219,939
	<hr/>	<hr/>
<b><u>TOTAL ASSETS</u></b>	<b><u>\$ 571,746</u></b>	<b><u>\$ 611,044</u></b>
<b><u>LIABILITIES AND NET ASSETS</u></b>		
Accounts payable	\$ 18,611	\$ 10,530
Salaries payable	13,213	10,698
Notes payable	-	11,090
	<hr/>	<hr/>
TOTAL LIABILITIES	31,824	32,318
	<hr/>	<hr/>
UNRESTRICTED NET ASSETS	539,922	578,726
	<hr/>	<hr/>
<b><u>TOTAL LIABILITIES AND NET ASSETS</u></b>	<b><u>\$ 571,746</u></b>	<b><u>\$ 611,044</u></b>

The accompanying notes are an integral part of these statements.



**DONALDSONVILLE AREA ASSOCIATION FOR RETARDED CITIZENS, INC.**  
**(A NOT FOR PROFIT ORGANIZATION)**

Donaldsonville, Louisiana

**STATEMENTS OF ACTIVITIES**  
**YEARS ENDED JUNE 30, 1998 AND 1997**

	<u>1998</u>	<u>1997</u>
<b><u>UNRESTRICTED NET ASSETS</u></b>		
<b><u>REVENUES AND OTHER SUPPORT</u></b>		
Public Support:		
Public contributions	\$ 4,139	\$ 5,999
Benefits	3,750	3,750
Allocated by Capital Area United Way	21,790	21,582
Contributions from Government Agencies	557,584	579,016
Other Revenue:		
Membership dues - individual	3,080	1,192
Sales to public (net of expenses of \$34,991 and \$32,555, respectively)	91,959	85,685
Residential services	40,557	22,599
Donated services	5,913	-
Interest	9,012	9,369
Miscellaneous revenue	708	3,333
	<hr/>	<hr/>
Total revenues and other support	738,492	732,525
 <b><u>EXPENSES</u></b>		
Residential services	332,250	246,037
Management and general	445,046	407,945
	<hr/>	<hr/>
Total expenses	777,296	653,982
	<hr/>	<hr/>
Change in net assets	(38,804)	78,543
Net assets at beginning of year	578,726	500,183
	<hr/>	<hr/>
Net assets at end of year	<u>\$ 539,922</u>	<u>\$ 578,726</u>

The accompanying notes are an integral part of these statements.



**DONALDSONVILLE AREA ASSOCIATION FOR RETARDED CITIZENS, INC.**  
**(A NOT FOR PROFIT ORGANIZATION)**

Donaldsonville, Louisiana

**STATEMENTS OF CASH FLOWS**  
**YEARS ENDED JUNE 30, 1998 AND 1997**

	<u>1998</u>	<u>1997</u>
<b><u>CASH FLOWS FROM OPERATING ACTIVITIES</u></b>		
Change in net assets	\$ (38,804)	\$ 78,543
Adjustments to reconcile change in net assets to net cash used by operating activities:		
Depreciation	31,221	29,734
Loss on disposition of assets	1,063	175
(Increase) decrease in accounts receivable	41,938	(51,544)
(Increase) decrease in prepaid expenses	51	(29)
Increase in accounts payable	8,081	4,720
Increase in salaries payable	2,515	2,028
(Decrease) in payroll taxes withheld	-	(158)
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<u>46,065</u>	<u>63,469</u>
<b><u>CASH FLOWS FROM INVESTING ACTIVITIES</u></b>		
Net increase in certificates of deposit	(1,973)	(1,276)
Purchases of equipment	(39,387)	(31,007)
Net proceeds from sale of assets	343	-
<b>NET CASH USED FOR INVESTING ACTIVITIES</b>	<u>(41,017)</u>	<u>(32,283)</u>
<b><u>CASH FLOWS FROM FINANCING ACTIVITIES</u></b>		
Principal payments on notes payable	(11,090)	(10,252)
<b>NET CASH USED FOR FINANCING ACTIVITIES</b>	<u>(11,090)</u>	<u>(10,252)</u>
Net increase in cash and cash equivalents	(6,042)	20,934
Cash and cash equivalents at beginning of year	<u>194,461</u>	<u>173,527</u>
Cash and cash equivalents at end of year	<u>\$ 188,419</u>	<u>\$ 194,461</u>
Supplemental data:		
Interest paid	\$ 504	\$ 1,399

The accompanying notes are an integral part of these statements.



**DONALDSONVILLE AREA ASSOCIATION FOR RETARDED CITIZENS, INC.**  
**(A NOT FOR PROFIT ORGANIZATION)**  
**Donaldsonville, Louisiana**

**NOTES TO FINANCIAL STATEMENTS**

1. **Summary of Significant Accounting Policies**

A. The Association is a not for profit organization formed to furnish education and recreation to the mentally retarded and handicapped citizens of the Donaldsonville area. Funding for the Association is dependent upon appropriations from State agencies and contributions from the public. Additional revenue is generated from services performed by clients for local businesses.

B. Buildings and equipment are recorded at cost and are being depreciated using the straight-line method over their estimated useful lives as follows:

Buildings	30 - 40 years
Transportation equipment	5 years
Other equipment	5 - 10 years

C. Management has determined that all accounts receivable are collectible. Therefore, no reserve for uncollectible accounts has been established.

D. The Association reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

The Association reports gifts of land, buildings, and equipment as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Association reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

E. The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

F. The Association considers all cash accounts and certificates of deposit with a maturity of three months or less when purchased to be cash and cash equivalents.



**DONALDSONVILLE AREA ASSOCIATION FOR RETARDED CITIZENS, INC.**  
**(A NOT FOR PROFIT ORGANIZATION)**

**Donaldsonville, Louisiana**

**NOTES TO FINANCIAL STATEMENTS**

**2. Cash and Certificates of Deposit**

At year-end, the carrying amount of the Association's deposits was \$291,368 and the bank balance was \$315,917. Of the bank balance, \$236,453 was covered by federal depository insurance and \$79,464 was uninsured at June 30, 1998.

**3. Lease Agreement**

The Association holds rights and title to a lease agreement - a 99 year lease signed with the City of Donaldsonville on December 26, 1972. The lease was signed for the land on which the Association's buildings are located. The lease becomes null and void if the leased premises are no longer used as a school for the retarded children. Under the terms of the lease, the Association pays no rental expense.

**4. Income Taxes**

The Association is exempt from the income taxes under Section 501 (c) (3) of the Internal Revenue Code and is not considered a private foundation.

**5. Notes Payable**

Note payable to a bank, dated 6/28/96,  
due on 6/28/98, payable in monthly installments  
of \$970.93, with an interest rate of 8.25%,  
secured by real estate and improvements and  
certificates of deposit.

Balances at June 30,	
<u>1998</u>	<u>1997</u>
\$ -	<u>\$ 11,090</u>



**DONALDSONVILLE AREA ASSOCIATION FOR RETARDED CITIZENS, INC.**  
**(A NOT FOR PROFIT ORGANIZATION)**  
**Donaldsonville, Louisiana**

**NOTES TO FINANCIAL STATEMENTS**

6. **Buildings and Equipment**

Buildings and equipment at June 30, consist of the following:

	<u>1998</u>	<u>1997</u>
Building	\$ 178,979	\$ 178,979
Building improvements	94,539	96,746
Transportation equipment	89,613	89,613
Other equipment	100,589	84,852
Construction in progress	<u>21,442</u>	<u>-</u>
	485,162	450,190
Less: Accumulated depreciation	<u>( 258,463)</u>	<u>( 230,251)</u>
	<u>\$ 226,699</u>	<u>\$ 219,939</u>

7. **Reclassification**

Certain balances for 1997 have been reclassified to conform with the current year's presentation.

**SUPPLEMENTARY INFORMATION**



**DONALDSONVILLE AREA ASSOCIATION FOR RETARDED CITIZENS, INC.**  
**(A NOT FOR PROFIT ORGANIZATION)**

Donaldsonville, Louisiana

**SCHEDULES OF EXPENSES**  
**YEARS ENDED JUNE 30, 1998 AND 1997**

	1998			1997
	<u>Residential Services</u>	<u>Management and General</u>	<u>Total</u>	<u>Total (Memorandum Only)</u>
<b><u>EXPENSES</u></b>				
Salaries and wages	\$ 169,498	\$ 287,710	\$ 457,208	\$ 393,568
Repairs and maintenance	5,850	15,792	21,642	16,179
Supplies	4,980	12,053	17,033	13,067
Utilities	4,100	9,279	13,379	12,144
Telephone	1,738	2,208	3,946	3,167
Transportation expenses	1,324	11,223	12,547	13,107
Food	13,190	13,692	26,882	28,552
Payroll taxes	13,134	21,649	34,783	29,860
Insurance	11,166	20,954	32,120	26,061
Professional fees	16,029	8,692	24,721	7,327
Medical	6,082	1,011	7,093	2,896
Training	3,267	2,778	6,045	5,150
Interest	504	-	504	1,399
Day program	40,557	-	40,557	23,921
Client allowance	2,415	-	2,415	3,084
Bed fee	20,440	-	20,440	20,169
Contract labor	-	6,021	6,021	-
Other	5,377	13,362	18,739	24,597
Total Expenses Before Depreciation	<u>319,651</u>	<u>426,424</u>	<u>746,075</u>	<u>624,248</u>
Depreciation of buildings and equipment	<u>12,599</u>	<u>18,622</u>	<u>31,221</u>	<u>29,734</u>
Total Expenses	<u>\$ 332,250</u>	<u>\$ 445,046</u>	<u>\$ 777,296</u>	<u>\$ 653,982</u>





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## INDEPENDENT AUDITORS' REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Board of Directors  
**DONALDSONVILLE AREA ASSOCIATION FOR RETARDED CITIZENS, INC.**  
Donaldsonville, Louisiana

We have audited the financial statements of the **DONALDSONVILLE AREA ASSOCIATION FOR RETARDED CITIZENS, INC.** (a not for profit organization) as of and for the years ended June 30, 1998 and 1997, and have issued our report thereon dated September 10, 1998. We conducted our audits in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States.

### **Compliance**

As part of obtaining reasonable assurance about whether **DONALDSONVILLE AREA ASSOCIATION FOR RETARDED CITIZENS, INC.**'S financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

### **Internal Control Over Financial Reporting**

In planning and performing our audits, we considered **DONALDSONVILLE AREA ASSOCIATION FOR RETARDED CITIZENS, INC.**'S internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in

which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended for the information of the board of directors, management and the Legislative Auditor. However, this report is a matter of public record and its distribution is not limited.

*P. Keith Waite & Associates*

Donaldsonville, Louisiana  
September 10, 1998